

Name:	
Enrolment No:	

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
End Semester Examination, December 2023

Course: Financial Accounting	Semester: 1st Semester
Program: B.Com. H	Time: 03 Hours
Course code: FINC 1003	Max. Marks: 100
Instructions: Attempt all questions.	

SECTION A 10 Q x 2M=20Marks

Q1	Rs. 5000 received from Mohan whose account was written off as bad in the previous year should be credited to: (a) Mohan's A/c (b) Bad-debts Recovered A/c (c) Bad-debts A/c (d) None of these	2 marks	CO1
Q2	Shayam is a furniture dealer. Which one of the following will not be recorded in his books? (a) Purchase of Timber for Rs. 10,000 (b) Sofa set worth Rs. 20,000 taken to his home (c) Sale of household furniture for Rs. 2,000 (d) Dining table of Rs. 15,000 given to his friend as gift.	2 marks	CO1
Q3	Stock is generally valued at cost or market price whichever is lower due to which principle of accounting: (a) Convention of Conservatism (b) Convention of Materiality (c) Convention of disclosure (d) None of the above	2 marks	CO1
Q4	Which one of the following is current asset- (a) Building (b) Equipment (c) Patent (d) Prepaid Expenses	2 marks	CO1
Q5	Tangible Assets do not include: (a) Goodwill (b) Furniture (b) Stock (c) Cash	2 marks	CO1
Q6	Issued share for cash is- (a) Operating Activities (b) Investing Activities (c) Financing Activities (d) Both b and c	2 marks	CO1
Q7	Under what head prepaid expense will appear in the balance sheet of a company as per scheduled III of the Companies Act, 2013: (a) Short-term Investments (b) Other Current Assets (c) Contingent Liabilities (d) Plant, Property and Equipment	2 marks	CO1
Q8	Which of the following reconciles the opening cash balance with the closing cash balance of a given period on the basis of net decrease or increase in cash during that period. a) Cash Flow Statement b) Funds Flow Statement c) Both a and b d) None of the above	2 marks	CO1
Q9	Where Purchase of goodwill in Cash Flow Statement Will appear Under? (a) Cash flow from Operating Activities (b) Cash & cash Equivalent (c) Cash flow from Financing Activities (d) Cash flow from Investing Activities	2 marks	CO1
Q10	Ideal acid test ratio is- (a) 1:1 (b) 2:1 (c) 3:1 (d) None of the above	2 marks	CO1

SECTION B (20 Marks)

Attempt any four questions

Q1	Give any three points of distinction between cash basis and accrual basis of accounting.	5 marks	CO2
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Q2	List the major heads of assets side of a company's Balance Sheet as per Schedule III Part I of Companies Act, 2013.	5 marks	CO2
Q3	Calculate net profit ratio if cash sales Rs. 2,00,000; Gross profit 20% on sales; Non operating expenses Rs. 20,000; credit sales 80% of total sales	5 marks	CO3
Q4	Explain any three accounting concepts with examples.	5 marks	CO1
Q5	Write any two methods of depreciation.	5 marks	CO2

SECTION-C (30 Marks)
Attempt any three questions

Q1	<p>Journalize the following transactions:</p> <p>(a) Mr. Z commenced business with a cash of Rs 5,00,000. (b) Sold goods to Muskan at the list price of Rs. 2,00,000 at trade discount of 20%. (c) Received from Muskan in the full payment under a cash discount of 4%. (d) Paid income tax of 5,600. (e) Goods given away as charity Rs. 7,600. (f) Sold goods to Arun for Rs. 2,00,000. Arun pays one-fourth amount in cash. (g) Bought goods from Mukesh for Rs. 2,00,000 at a trade discount of 10% and cash discount of 2%. Paid 60% amount immediately. (h) Received a cheque for Rs 2,000 from Mr. Ram and deposited into the bank same day (i) Sent a cheque to Mr. Ramesh for Rs 5,000. (j) Cash Rs 2000 and goods worth Rs 1,000 withdrawn by the owner for personal use</p>	10 marks	CO3																																				
Q2	<p>On 1st July, 2019 X Ltd. purchased a machinery for Rs. 60,000 and spent 10,000 on installation. On 1st January, 2020 an additional machinery costing 5,000 was purchased. On 28th February 2002, a part of machinery purchased on 1st July 2019 was sold for 15,000 and on the same date a new machine was purchased at a cost of Rs. 20,000. Depreciation is provided at 20% per annum on the written down value method and the closed on 31st December each year. You are required to prepare Machinery Account.</p> <p style="text-align: center;">Or</p> <p>How depreciation is significant in accurately representing the value of long-lived assets in financial statements.</p>	10 marks	CO3																																				
Q3	<p>The following is the summarised profit and loss statement for the year ending and the balance sheet as on 31-03-2019</p> <p style="text-align: center;">Statement of Profit and Loss</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: center;">N No.</th> <th style="text-align: center;">Amount</th> <th style="text-align: center;">Amount</th> </tr> </thead> <tbody> <tr> <td>Revenue from Operations (Sales)</td> <td></td> <td></td> <td style="text-align: right;">9,10,000</td> </tr> <tr> <td>Less: Purchases</td> <td></td> <td style="text-align: right;">7,00,000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Change in Inventory</td> <td></td> <td style="text-align: right;">-20,000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Carriage Inward</td> <td></td> <td style="text-align: right;">20,000</td> <td style="text-align: right;">7,00,000</td> </tr> <tr> <td style="padding-left: 20px;">Gross Profit</td> <td></td> <td></td> <td style="text-align: right;">2,10,000</td> </tr> <tr> <td>Less: Adm. Expenses</td> <td></td> <td style="text-align: right;">1,40,000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Selling Expenses</td> <td></td> <td style="text-align: right;">25,000</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Non-Operating Expenses</td> <td></td> <td style="text-align: right;">5,000</td> <td style="text-align: right;">1,70,000</td> </tr> </tbody> </table>	Particulars	N No.	Amount	Amount	Revenue from Operations (Sales)			9,10,000	Less: Purchases		7,00,000		Change in Inventory		-20,000		Carriage Inward		20,000	7,00,000	Gross Profit			2,10,000	Less: Adm. Expenses		1,40,000		Selling Expenses		25,000		Non-Operating Expenses		5,000	1,70,000	10 marks	CO3
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Net Profit			40,000
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Balance Sheet

Particulars	N No.	31-03-2020
I. Equity and Liabilities		
1. Shareholders Fund:		
(a) Share Capital		4,00,000
(b) Reserves and Surplus: Surplus (Profit and Loss)		1,70,000
General Reserve		4,000
2. Current Liabilities		
(a) Trade Payable: Creditors		1,00,000
Bills Payable		30,000
(b) Other Current Liabilities – Provision for Taxation		20,000
Total		7,20,000
II. Assets:		
1. Non-Current Assets		
(a) Plant Property and Equipment		4,20,000
2. Current Assets:		
(a) Inventories		1,20,000
(b) Trade Receivables		1,00,000
(c) Cash and Cash Equivalent		80,000
Total		7,20,000

Calculate (i) Current Ratio, (ii) Operating Ratio, (iii) Inventory Turnover Ratio (iv) Liquid Ratio; (v) Average Collection Period; (vi) Gross Profit Ratio; and (vii) Return on Total Resources; (viii) Liquid Ratio

Or

Apply your knowledge of 'ratio analysis' by outlining the objectives and limitations associated with using ratio analysis in financial evaluation.

SECTION-D

(30 Marks)

Attempt both the questions

Q1 The balance sheet of Mishra Ltd as on 31-03-2020 and 31-03-2021 are as follows-

Particulars	N No.	31-03-2020	31-03-2021
I. Equity and Liabilities			
1. Shareholders Fund:			
(c) Share Capital		200,000	400,000
(d) Reserves and Surplus: Surplus (Profit and Loss)		100,000	150,000
General Reserve		40,000	50,000
3. Current Liabilities			
(c) Trade Payable: Creditors		60,000	40,000
Bills Payable		30,000	80,000
(d) Other Current Liabilities – Outstanding Exp.		10,000	30,000
Total		4,40,000	750,000
II. Assets:			

**15
marks**

CO4

	<table border="1"> <tr> <td>1. Non-Current Assets</td> <td></td> <td></td> <td></td> </tr> <tr> <td>(b) Plant Property and Equipment</td> <td></td> <td>3,00,000</td> <td>5,20,000</td> </tr> <tr> <td>2. Current Assets:</td> <td></td> <td></td> <td></td> </tr> <tr> <td>(d) Inventories</td> <td></td> <td>30,000</td> <td>50,000</td> </tr> <tr> <td>(e) Trade Receivables</td> <td></td> <td>60,000</td> <td>80,000</td> </tr> <tr> <td>(f) Cash and Cash Equivalents</td> <td></td> <td>50,000</td> <td>100,000</td> </tr> <tr> <td>Total</td> <td></td> <td>4,40,000</td> <td>7,50,000</td> </tr> </table> <p>Additional Information-</p> <p>1. Rs. 20,000 depreciation has been charged on plant during the year. 2. A piece of plant was sold for Rs. 10,000 depreciated value of which was Rs. 15,000. Prepare Cash Flow Statement.</p> <p style="text-align: center;">Or</p> <p>How is a cash flow statement important for financial analysis?</p>	1. Non-Current Assets				(b) Plant Property and Equipment		3,00,000	5,20,000	2. Current Assets:				(d) Inventories		30,000	50,000	(e) Trade Receivables		60,000	80,000	(f) Cash and Cash Equivalents		50,000	100,000	Total		4,40,000	7,50,000																																										
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Q2	<p>The Trial Balance of XYZ Co., in respect of the year ending 31st March 2019 given below. Prepare Trading and Profit & Loss for the year ended 31st March 2019 and also his Balance Sheet on that date.</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount Rs</th> <th>Particulars</th> <th>Amount Rs</th> </tr> </thead> <tbody> <tr> <td>Opening stock</td> <td>16,000</td> <td>Bank Loan</td> <td>4,400</td> </tr> <tr> <td>Buildings</td> <td>24,000</td> <td>Creditors</td> <td>11,600</td> </tr> <tr> <td>Sundry Debtors</td> <td>17,000</td> <td>Capital</td> <td>32,000</td> </tr> <tr> <td>Machinery</td> <td>10,000</td> <td>Sales</td> <td>130,000</td> </tr> <tr> <td>Drawing</td> <td>4,000</td> <td>Discount</td> <td>400</td> </tr> <tr> <td>Purchases</td> <td>90,000</td> <td>Purchase returns</td> <td>800</td> </tr> <tr> <td>Insurance & Taxes</td> <td>1,500</td> <td>Commission</td> <td>750</td> </tr> <tr> <td>Trade expenses</td> <td>3,600</td> <td>Provision for bad debts</td> <td>400</td> </tr> <tr> <td>Sales returns</td> <td>600</td> <td>Bills Payable</td> <td>2000</td> </tr> <tr> <td>Salaries</td> <td>8,200</td> <td></td> <td></td> </tr> <tr> <td>Freight on purchases</td> <td>1,250</td> <td></td> <td></td> </tr> <tr> <td>Bad debts</td> <td>300</td> <td></td> <td></td> </tr> <tr> <td>Bills Receivable</td> <td>4,500</td> <td></td> <td></td> </tr> <tr> <td>Cash in hand</td> <td>1,400</td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>182,350</td> <td></td> <td>182,350</td> </tr> </tbody> </table> <p>The following adjustments are necessary.</p> <p>i) Closing Stock on 31st March 2019 was Rs 12,000. ii) Interest @5% p.a. was to be allowed on capital. iii) Rs 800 are outstanding for salaries. iv) Insurance prepaid Rs 500. v) Depreciate Building @10% and Machinery @5% vi) Write off Bad debt Rs 1000 and Create Provision for Doubtful debt at 5%</p> <p style="text-align: center;">Or</p> <p>The following ledger balances were extracted from the books of Varun Ltd. As on 31st March, 2015: Land and Building Rs. 2,00,000; 12% Debentures Rs. 4,00,000; Share Capital Rs. 12,00,000; Equity Shares of Rs. 10 each fully paid-up; Plant and Machinery Rs. 8,00,000; Goodwill Rs. 4,00,000; Investments in Shares of Raja Ltd. Rs. 2,00,000;</p>	Particulars	Amount Rs	Particulars	Amount Rs	Opening stock	16,000	Bank Loan	4,400	Buildings	24,000	Creditors	11,600	Sundry Debtors	17,000	Capital	32,000	Machinery	10,000	Sales	130,000	Drawing	4,000	Discount	400	Purchases	90,000	Purchase returns	800	Insurance & Taxes	1,500	Commission	750	Trade expenses	3,600	Provision for bad debts	400	Sales returns	600	Bills Payable	2000	Salaries	8,200			Freight on purchases	1,250			Bad debts	300			Bills Receivable	4,500			Cash in hand	1,400							Total	182,350		182,350	15 marks	CO4
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	<p>General reserve Rs. 1,95,000; Stock-in-trade Rs. 1,00,000; Bills Receivables Rs. 50,000; Debtors Rs. 1,50,000; Creditors Rs. 1,00,000; Bank Loan (Unsecured) Rs. 1,00,000; Provision for tax Rs. 50,000; Proposed Dividend Rs. 55,000.</p> <p>You are required to prepare the Balance Sheet of the Company as per Schedule III, Part I of the Companies Act, 2013.</p>		
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